

**Comment to the FCC concerning the Petition for Rulemaking RM-10865**  
**submitted April 11, 2004**  
**by Robert A. Collinge\***

This comment concerns the proposal for the federal government to pre-screen emerging Internet telephony technology. As I understand the proposal, new VoIP technologies that are not pre-certified as CALEA-compliant would not be allowed to go to market. I would like to make the following points about this proposal in my comments to the FCC today:

- First, if it would be easy for would-be terrorists or other criminals to substitute an alternative communications technology that the FBI does not pre-screen, the proposed regulation would be ineffective at accomplishing its goal.
- Second, placing a government bureaucracy between entrepreneurs and the marketplace represents a significant break from the invisible hand of the market economy, and could be a formidable barrier to technological development and growth in this country.
- Third, to the extent that the proposal redirects technological change and growth to other countries, the proposal might adversely affect both U.S. economic growth and U.S. national security. We're more secure when we are strong and when we are of the masters of the technologies used by the world.

One of the most fundamental principles of economics is that of the invisible hand of the marketplace—that it is efficient for consumers to be the judge of which mousetraps are best. In contrast to the current proposal, the decentralized price system is neither commanded nor controlled by a central authority. It has proven its worth through economic growth that has enriched the United States. The market economy of the United States has been a central component in winning the World Wars and the Cold War. It provides a decentralized target that terrorists would find difficult to attack effectively. (I discuss these issues further in “Guns or Butter—Growth can bring Both,” pages 46 - 49 of Ayers and Collinge, *Economics: Explore & Apply*, 2005).

For these reasons, it concerns me that, in the name of combating terrorism, the U.S. federal government is considering restricting technological innovation and application that is not pre-approved by central authorities in Washington. Requiring that VoIP communication technologies must be pre-certified as CALEA-compliant would replace the trial-and-error processes of the free market economy with the cumbersome and daunting processes of bureaucracy.

In making the difficult decision of how best to protect U.S. citizens, please recognize that government may succeed in stifling VoIP innovation in this country, only to see it occur elsewhere in the world and in forms that are beyond our grasp. In the process, the danger is that we put a damper on technology-led economic growth and fail to gain genuine control over the means of communication employed by those who threaten other aspects of our way of life.

Thank you for the opportunity to comment. Good fortune in making the best policy choices.

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\*Professor of Economics, University of Texas at San Antonio. The views are my own, of course, and are not intended to represent the state or university.